

No. 197

United States Supreme Court, U. S.

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IN THE  
SUPREME COURT OF THE UNITED STATES

October Term, 1922

PRESTONETTES, INC.

*Petitioner*

*against*

FRANCOIS JOSEPH DE SPOTURNO COTY

*Respondent*

BRIEF FOR PETITIONER

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Argued by  
Charles H. Tuttle and  
Louis Marshall.

IN THE  
Supreme Court of the United States

OCTOBER TERM—1922.

PRESTONETTES, INC., Petitioner,  <i>against</i> FRANCOIS JOSEPH DE SPOTURNO COTY, Respondent.	}	No. 197.
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**BRIEF FOR PETITIONER.**

This cause is here on writ of certiorari granted by this Court to review the decree of the United States Circuit Court of Appeals for the Second District, granting to the respondent an absolute injunction *pendente lite* (285 Fed., 501).

The decree of the Circuit Court of Appeals reversed the District Court (Hon. Augustus N. Hand), *upon the law only*, to wit, upon certain points of law stated in its opinion and going to the merits of the controversy. The Circuit Court of Appeals asserted that "the question which this case raises is simply one of law" (fol. 343), and,

for the purpose of its decision, assumed the facts as claimed by Prestonettes (fols. 341-3).

This decree also had the effect of overruling a decision by Judge Knox in *Coty v. Ivory Novelties Co.*, decided July 21, 1922, 12 Trade Mark Reporter, 284, which had paralleled that by Judge Hand in this case.

For convenience, in this brief *Coty* is referred to as the plaintiff and Prestonettes as the defendant.

## I.

### Nature of the Suit.

#### Jurisdiction rests on the Trade Mark Act.

This suit is brought to enjoin Prestonettes from mentioning *Coty* in reselling the genuine *Coty* product. *Coty* claims that this is a violation of his rights under the Trade-Mark Act.

Hence, jurisdiction to make the decree below must be and was rested on the Trade-Mark Act, because the decree was not limited in its scope to acts done or to be done within the State of New York.

True, there is reference in the opinion of the Circuit Court of Appeals (but not in the complaint) to subdivision 6 of Section 2354 of the Penal Law of New York; but the opinion itself concedes that under that section "the injunction cannot be unlimited (geographically) in its terms," because "a right called into existence by a state statute cannot be violated by acts wholly done outside the State which passed the law" (fols. 339, 340).

No question of fact is presented.

To quote the opinion below (fol. 313):

"The question which this case raises is simply one of law. There are no controverted questions of fact and therefore the issue may be determined upon preliminary injunction."

This finding but adopted the argument in plaintiff's brief in the court below (p. 35):

"The only issue herein is an issue of law which has been specifically treated by statute and by very recent authority, and the plaintiff is as much entitled to protection now as at final hearing."

**The facts of the controversy.**

The plaintiff is a citizen of France and a wholesale manufacturer and exporter of perfumes and toilet articles in general. He has registered in the United States Patent Office as his trade-mark the wholly fanciful word "Lorigan," printed in grotesque letters fancifully arranged and intermingled (Rec., p. 21). He has also registered his own French proper name "Coty," distinctively printed (Rec., p. 21), notwithstanding that there is in Paris another perfumer by the name of "Coty" (fol. 190).

The plaintiff exports to this country the perfume known immemorially in the English and French language and in the trade as "Origan" (fols. 175 *et seq.*; 182 *et seq.*). It is derived from an aromatic herb (akin to wild thyme) known immemorially in both the English and French languages as "Origan" (fols. 175-186). According to the bill of complaint, the plaintiff has undertaken to name his perfume, so derived, by this ancient, generic name "Origan." He prefixes the French particle of speech "le"; and thus calls his perfume "L'Origan" (fols. 11-20).



The plaintiff does not use the word "Lorigan"—the fanciful name which he has registered (Rec., p. 21). The complaint does not mention that fanciful word. Undoubtedly, the plaintiff registered the fanciful rather than the generic word, because he apprehended that the generic word was not capable of registration or exclusive appropriation. To insure its registration, he filed a drawing of this fanciful word printed in a remarkably grotesque style (Rec., p. 21).

The plaintiff sells this perfume in large-size, glass bottles (fols. 138, 121), which are too large and too expensive for resale at popular prices or for toilet use by other than wealthy persons. As stated without contradiction in one of the affidavits (fol. 171):

"It is and it has been the custom of the plaintiff to sell his perfume, called by him 'L'Origan' in large eight-ounce bottles, a specimen of which will be produced on the hearing herein."

As a result, it has been the custom of many dealers for years past to buy these eight-ounce bottles of the plaintiff's product, and to place the genuine contents in small, fancy bottles for sale at popular prices in the retail trade (fols. 172-4). This custom could not have been otherwise than beneficial to the plaintiff, because it increased the demand for his perfume and popularized his name. The defendant has followed this custom.

In fact, so far from asserting either in the complaint or moving affidavits that the act of pouring the plaintiff's liquid perfume from one bottle into another in any way injures its perfect quality, the plaintiff in effect concedes the contrary because he admits having licensed persons other than the defendant to rebottle for the retail trade (fols. 121-5, 129, 164-7, 172-3, 185-6).

The plaintiff also has been engaged in selling in this country a face powder in cartons or boxes (fol. 8). This powder the defendant has bought in plaintiff's packages, and from the genuine ingredients, with the aid of a binder, has made a so-called "compact," which is a more convenient form for the use of face powder and is sold at retail in small, fancy containers, attractive for a lady's toilet table (fols. 188 *et seq.*).

The plaintiff's sales are made without any express restriction or reservation of any kind.

The defendant has not reproduced the plaintiff's labels or style of package or bottle (fols. 174-5, 185, 188, 193). This may readily be illustrated by the fact that the label on the plaintiff's powder package is altogether different, reading (fol. 185):

"Cette Boite Renferme de la Poudre de Riz  
de Couleur Blanche Parfumes a L'Origan de  
Coty."

Nor has the defendant reproduced or used at all the plaintiff's artificial, registered trade-mark "Lorigan," or imitated the grotesque and unique style of the mark as registered (Rec., p. 21). It has, however, by the labels composed and designed for it by the District Court, referred to the perfume, as is usual in the perfumery trade, by its French name "L'Origan"; it has justly given the credit for its manufacture to the plaintiff Coty; and it has truthfully stated its own independence of Coty and its own responsibility for the rebottling or use thereof.

At the time when this injunction was issued, the defendant had a well established and growing business in good standing and reputation (fol. 193).

### The Action of the District Court.

The District Court required that upon each bottle of rebottled perfume sold by the defendant there be no reference to Coty or L'Origan except in the following label in plain type to be securely affixed to the bottle (fol. 218):

"Prestonettes, Inc., not connected with Coty, states that the contents are Coty's—(Giving the name of the article) independently rebottled in New York."

So, likewise, as to the compacted powder, the District Court forbade any reference to Coty or L'Origan except in the following label (fol. 219) :

"Prestonettes, Inc., not connected with Coty, states that the compact of face powder herein was independently compounded by it from Coty's—(Giving the name) loose powder and its own binder. Loose powder per cent., Binder per cent."

The District Court also imposed the further and very important restriction *in the design* of these labels (fols. 218, 220) :

"every word of said statement to be in letters of the same size, color, type and general distinctiveness."

*These labels, it will be observed, do not purport to be trade-marks—much less the plaintiff's trade-mark. They are mere descriptions and explanations. The grotesque design constituting the plaintiff's trade-mark as registered (Rec., p. 21), is not used or permitted at all. The only prominence given is that of order, which accentuates the idea that it is the defendant, Prestonettes, Inc., which conveys the information set forth in the label.*

The restrictions contained in these labels were accepted by the defendant, which had no desire to

deceive the public; and it proceeded to retail its wares with labels as thus drawn by the District Court itself.

The plaintiff, however, insisted on an absolute injunction and appealed.

Consequently, before the Circuit Court of Appeals those portions of the plaintiff's complaint and of its affidavits, which alleged that the earlier practice of the defendant might possibly tend to misunderstanding by the public, *were no longer relevant*. The defendant was not selling by the plaintiff's trade-mark as registered or otherwise. It was selling by description—a description accurately stating whose and what goods were being sold and what the defendant's part in the bottling or manufacture thereof had been.

*Under the labels as composed and designed by the District Court, the defendant does not attempt to sell the merchandise under the sign manual of Coty or as packed by Coty, but rather specifically states that the liquid is its own independent re-bottling and that the compact is its own independent manufacture.*

Thus, the issue does not involve any adulteration or alteration, any deception of the public, or any use of the plaintiff's label or design.

The Action of the Circuit Court of Appeals.

After stating the facts, the opinion of the Circuit Court of Appeals continues (fol. 280, p. 97) :

“There is no doubt of course, that the defendant after purchasing ‘L’Origan’ face powders and perfumes from the complainant was entitled to sell them in the original packages. The plaintiff does not question the defendant's right to do that, and it is not involved in

this case. But this appeal raises two very different questions, which may be stated as follows."

The Circuit Court of Appeals then stated what it deemed to be the decisive issues in the following language which, it will be observed, involved no question of fact, since it ran merely to the legality under the Trade-Mark Act of the labels as composed and designed by the District Court (fol. 281, p. 97) :

"First.—Can the name and trade-mark of a manufacturer of a delicate, volatile product, like a perfume, be used without his consent, to sell his rebottled perfume, provided the one who thus rebottles and sells places upon each bottle sold a label bearing his own name and announcing that he is not connected with the original manufacturer of the product, but that the contents are those of the original manufacturer but independently rebottled by the one whose name the label bears.

"Second.—Can the name and trade-mark of a manufacturer of a toilet preparation containing a delicate and volatile perfume, like a face powder compact, be used without his consent to sell an independently manufactured compact provided the independent manufacturer puts upon each container sold a label containing his own name and stating that he is not connected with the original manufacturer and that his compact was independently compounded by him from the compound of the original manufacturer, together with his own binder and stating the percentage of each."

The Circuit Court of Appeals held that these questions were decisive of the whole controversy, and, since they were questions of law inherent in

the case, could be decided on a preliminary hearing quite as well as upon full trial. To quote the opinion (fol. 293):

"If these questions are to be answered in the affirmative the order below must be affirmed, but if otherwise it must be modified as prayed for by the appellant, *and he is entitled to an absolute injunction*. We answer the questions in the negative."

In reply to the contention that an "absolute injunction" should be granted only after full trial, the Circuit Court of Appeals said (fol. 343):

"The defendant insists that the question of the issuance of the injunction should be left for final hearing and not determined upon a motion for a preliminary injunction. But the questions which this case raises is simply one of law. There are no controverted questions of fact and therefore the issue may be determined upon preliminary injunction."

After the opinion was made public the defendant moved for a rehearing (fol. 346); and, although the motion was denied (fol. 367), the Circuit Court of Appeals added the following to its opinion, *in order to make entirely clear the gravamen of its decision*. (See fol. 341, and stipulation annexed to this brief):

"That there may be no misapprehension as to this decision we think it desirable to say that *we have not overlooked the fact that it is not charged in the complaint nor stated in any of the affidavits presented that the defendant in doing the acts complained of in any way lacked or failed to exercise in the rebottling of the plaintiff's perfume the proper skill necessary to preserve the perfect quality of the plaintiff's product. If we assume that the*

*defendant handles the plaintiff's product without in any way injuring the qualities, we think the injunction should issue on the ground that the defendant has no right to use the plaintiff's name without his consent on the particular products which the defendant rebottles or re-packs, because the defendant has no right to put upon the plaintiff the burden of safeguarding the quality of his products, which such a situation would impose upon the plaintiff compelling him to keep a constant watch upon the defendant's conduct and the conduct of others who might choose to act in a similar way."*

The issue simply is whether the Circuit Court of Appeals is right in the foregoing novel and vastly important formulation of the law.

The Reference by this Court in *Magnum Import Co. v. Coty* to this case of *Prestonettes v. Coty*.

We have been thus at pains to set forth the precise action and decision of the Circuit Court of Appeals because the description of that decision by this Court in *Magnum Import Co. v. Houbigant* (262 U. S., 159) is in one particular not altogether accurate. In that case the Magnum Import Company, as petitioner, in connection with the filing of its petition for certiorari and pending disposition thereof, sought to obtain a suspension of the enlargement made by the Circuit Court of Appeals (on the authority of this *Prestonettes* case) of the injunction granted by the District Court (289 Fed., 1020). This Court granted the certiorari (67 L. ed., pp. 657-8), but denied the stay on the ground that sufficiently cogent reasons were not presented. In the course of the opinion, Mr. Chief Justice Taft said concerning the present case of *Prestonettes v. Coty* (p. 587):

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"The district court (in the *Prestonettes* case) found that the defendants in all these cases were infringing the rights of the complainants in their trademarks and the use of their trade-names, but thought it sufficient to permit the defendants to continue their rebottling and repacking of complainants' perfumes and powders if, in the form in which resold, the bottles or boxes bore a legend reciting all the facts, and not giving any more prominence to the fact that these were complainants' perfumes or powders than to the fact that they had been rebottled and repacked by defendants. The circuit court of appeals found that such rebottling and repacking as done by defendants so impaired the delicate odors and qualities of the perfumes and powders that it unlawfully injured the right of the complainants in their trademarks and business; that such rebottling and repacking and resale with the use of the original manufacturer's trademark and name were a violation of a criminal statute of the state of New York; that the proposed inspection of defendants' rebottling and repacking with a view to preserving the excellence of the perfumes and powders would entail such expense and burden upon complainants as to be impracticable; and that the only complete and satisfactory remedy to which complainants were entitled was an injunction against the use of the complainants' trademarks or names upon the rebottled or repacked articles for sale; and the temporary injunctions granted by the district court were accordingly modified and the cases were remanded to the district court for final hearing."

We respectfully refer to the statement in the foregoing quotation that the Circuit Court of Appeals "found that such rebottling and repacking as done by defendants so impaired the



delicate odors and qualities of the perfumes and powders that it unlawfully injured the right of the complainants in their trade-marks and business." As we have set forth above, the Circuit Court of Appeals made no such finding of fact, but on the contrary expressly acknowledged the truth of (fol. 341)

"the fact that it is not charged in the complaint nor stated in any of the affidavits presented that the defendant in doing the acts complained of in any way lacked or failed to exercise in the rebottling of the plaintiff's perfume the proper skill necessary to preserve the perfect quality of the plaintiff's product. If we assume that the defendant handles the plaintiff's product without in any way injuring its qualities, we think the injunction should issue on the ground that the defendant has no right to use the complainant's name without his consent on the particular products which the defendant rebottles or repacks," etc.

Any finding by the Circuit Court of Appeals that the rebottling or repacking did injure "the perfect quality of the plaintiff's product" would have been a finding of fact on a contested issue of fact, and thus would have stultified the repeated statements in the opinion of the Circuit Court of Appeals that no such charge was made in the complaint or affidavits; that the case involved no question of fact; and that the issue presented was purely one of law, to wit, whether the labels as composed and designed for Prestonettes by the District Court constituted in and of themselves a violation of the complainant's rights under the Trade-Mark Act.

## II.

**The importance and extent of the questions involved.**

This importance cannot be better emphasized than by the following assertion thereof in the plaintiff's brief below (p. 11):

"The issues herein are fundamental and far transcend the particular consideration herein involved."

As already pointed out the issue does not involve any adulteration or alteration, any deception of the public or any use of the plaintiff's label or design.

There is no allegation in the record that under the labels as composed and designed by the District Court, any one is or can be deceived as to the nature or identity of the goods; and there is no allegation in the record that the goods sold under the labels composed and designed by the District Court do not in point of fact accurately fulfill the description. Those labels do not purport to be any representation or assurance by Coty at all, but, on the contrary, they are expressly and solely independent representations of the defendant in its own name, accompanied by an explicit denial of any connection by agency or otherwise with Coty.

If the defendant had taken empty Coty bottles bearing Coty's own labels and refilled them with genuine Coty perfume but without acknowledging the refilling, such an act might have been an implied deception, because implying that the bottling had been done by Coty. But here the bottle is different; the label is different; and full acknowledgment of the rebottling is made.

Coty saw fit to sell his perfumes in large bottles unadapted for the retail trade at popular prices, and without any restrictions whatever as to the resale of the goods in smaller bottles. The name employed by the plaintiff did not designate the container but the contents; and the defendant had the right to dispose of the contents in the trade under the name under which the plaintiff had launched it in the trade and for which the plaintiff had received the premium (if any) which that name commanded.

The plaintiff's case, therefore, whittles down to this:

Does any of the prohibitions of the Trade-Mark Act cover such a case? If so, which?

We emphasize these questions because the opinion of the Circuit Court of Appeals proceeded more on an assumed public policy in the Trade-Mark Act, rather than on any specific provision therein. Indeed, it pointed to no provision of that Act as infringed by the labels as composed and designed by the District Court. Yet it would be a truism to say that there is no public policy in this case except such as Congress may have embodied in the Trade-Mark Act by explicit provision; and our fundamental contention is that Congress has incorporated therein no provision prohibiting the use of such labels as the District Court has composed and designed. To make into law the rule below, by the judicial power of deciding, is to take a step of gravest concern to the American retail trade and the American public.

To the American retailer and the American public it is a matter of public importance that the trade-mark laws shall not be so construed as to

prevent the retailer from re-selling in small quantities at popular price and with a proper explanation the genuine article under the name under which he has bought it at an unrestricted sale. Heretofore the trade-mark laws have not been construed as a restraint on the freedom of fair trade, or as enjoining against telling the truth.

No previous decision has ever construed the Trade-Mark Act as an Anti-Rebottling or Anti-Repacking Statute, or as preventing the retailing in smaller quantities of the genuine goods under the name employed by the wholesale manufacturer. The decision below is the first so to hold.

A few illustrations will show the possibilities latent in the decision below when pursued to its logical conclusion.

Richardson makes and wholesales a high grade of flour in large bags bearing his registered name and trade-mark. Grocers all over the country buy these large bags and retail in smaller bags. The possibility of adulteration is as present as in a resale of the larger bags themselves. The grocers resell the flour as Richardson's, but advise the public that they have broken the original bulk. Does any law prevent the honest grocer from making honest sales in this manner?

Jones manufactures shirts and wholesales them in packages bearing his registered name and registered trade-mark. Smith buys these packages, opens them and retails the shirts as made by Jones. Can Jones enjoin him, or can legislation condemn him, merely because, if dishonest, he might include some inferior shirt? Does the mere possibility of such dishonesty make Smith's act an offense against the Trade-Mark Act?

Robinson makes and sells in barrels a high grade of glue under a registered trade-name. There are various grades of glue; and it is possible that the retailer in emptying the barrels into small bottles might mingle an inferior and cheaper grade of glue, and thereby injure Robinson's good-will. Does that fact make it unlawful for the retailer truthfully to sell the bottles under Robinson's trade-name for his high grade of glue, provided the retailer acknowledge the bottling?

We have given these illustrations to show how far-reaching is the principle asserted by the plaintiff, how grave its consequences to trade, and how multifold are its restraints upon liberty and property rights.

We claim that no statute should be construed, except *ex necessitate*, as establishing any such principle; and that, if no other construction is reasonably possible, the statute is to that extent unconstitutional.

## POINT I.

**The decision below against the legality of the labels composed and designed by the District Court runs contrary to all the decisions in analogous cases in the Circuit Courts of Appeal, the District Courts and the State Courts, and is contrary to the fundamental principles of interpretation repeatedly announced by this Court.**

### I.

#### A Statement of the Issue.

The labels in the present case, as composed and designed by the District Court, were undoubtedly modeled upon the wording proposed by Mr. Justice

Holesworth in *Hennessy v. White*, 6 W. W. & A'B. Eq., 216, when he said (p. 220):

"If persons wish to purchase Hennessy's Cognac and bottle it, and sell it as such, let them do so; but let them do it upon their own credit as the bottlers, asserting that it is Hennessy's Cognac."

These labels stated the true name of the merchandise and of the manufacturer and the true relation of the defendant to the product. They sold the compact as the defendant's, not the plaintiff's, manufacture. They were the antithesis of fraud; and the opinion below expressly eliminates any such imputation against the defendant (fols. 341-2). The plaintiff's label is in French and is altogether different (fols. 185, 188, 174-5). The defendant has not imitated the plaintiff's bottles or containers (fols. 12-13, 148, 174-5).

The labels as composed and designed by the District Court constitute a sale by description and not by trade-mark. They purport to be an explanation and not a trade-mark. No word is given more prominence than another, save as emphasis is given to "Prestonettes, Inc.," as the rebottler, coupled with the assurance that it is not connected with Coty. Indeed, the plaintiff's distinctive trade-mark, "Lorigan," either in the grotesque style registered (Rec., p. 21) or in plain type, is not used at all.

Moreover, the plaintiff was and is selling in bulk and quantity and without contractual restriction of any kind. He sells this perfume in large size, eight-ounce glass bottles, which are too large and too expensive for resale at popular prices or for toilet use by other than wealthy persons (fols. 138, 121, 171). There is no allegation that these large bottles are of any special or unique design, or indicate in any way any purpose

that the contents shall not be resold except in these very same bottles. On the contrary, such sales in quantity to the retail trade are a direct invitation to resell in such quantities and containers as the patrons of the retail trade may require; and, as a result, it has been the custom of many dealers for years past to buy these eight-ounce bottles of the plaintiff's product, and to place the genuine contents in small, fancy bottles for sale at popular prices in the retail trade (fols. 172-4).

Since the perfume is a liquid it cannot be retailed in smaller quantities except in new containers of some sort.

Coty must be held to have intended the natural consequences of his own acts. He must have known and anticipated that those who bought from him in quantity would endeavor to find a profit by resale in smaller and attractive containers at popular prices. He put no restriction of any character on the absolute property in the product which the purchaser would acquire. Hence, the subdivision into smaller quantities and the use of other containers were but incidents of the resale at retail which the original unrestricted sale by the plaintiff in bulk impliedly authorized. Nothing in the Trade-Mark Act voids such implied authorization, or forbids such subdivision, or destroys such an incidental right of property acquired through absolute sale. Coty sold the product under an identifying name, and presumably the purchaser in paying the price paid any premium which that identifying name commanded. He in no way restricted the right of the buyer from him to resell the product for what it was and for what the buyer had bought it. The identifying name

was but an incident and appurtenance of the thing bought—a part of the *res*. The right to the identifying name as a means of description passed as an incident of the identity of the goods to the purchaser. Coty could not, except by contract, put his product in commerce under a given designation and yet prevent commerce from continuing that designation. He could not cause his name of identification to be affected with a public interest and yet prevent the public from using it. He could not, except by contract, monopolize the right to refer to himself as manufacturer of his own goods. Certainly, nothing in the Trade-Mark Act gave him any such right; and, as we show hereafter, any such interpretation of the Trade-Mark Act would involve violation of constitutional guarantees. That the term "L'Origan" applied to Coty's perfume was an identifying designation by which his product was known to the purchasing public, is conceded by the plaintiff's witnesses (fols. 73, 79, 110).

Indeed, this is the very principle which drove the court below to concede (and drives our opponent now to concede) that purchasers from Coty could resell the product as Coty's L'Origan in the original bottles or containers, notwithstanding that adulteration could readily be accomplished by the retailer or middleman through the simple process of lifting the glass stoppers or opening the packages (fol. 280). The reason why such a resale concededly violates no prohibition of the Trade-Mark Act, notwithstanding the risk of adulteration by the middleman, is that the right to use Coty's name as manufacturer and his word of identification pass as an incident to the absolute property transferred by the unrestricted sale. They are both part of the *res*.

But if that be true (as is conceded) of a resale



in the original bulk, why is it less true of a resale in smaller quantities under the explanatory labels composed and designed by the District Court, provided the identity of the product is not actually destroyed by the act of subdivision? *What is there in the Trade-Mark Act which allows the former method of resale to escape but condemns the latter? Precisely what clause of the Trade-Mark Act makes prohibition turn on any such distinction?*

Our opponents' brief below affects to consider the defendant's resales under the labels composed and designed by the District Court, as in some way immoral or dishonest. So frank an effort to cloud the issue is a palpable counsel of desperation. We could readily retort that Coty's exaction from his buyers of the premium which his description of his goods is supposed to command and his claim of power thereafter to withhold the very thing for which the premium was paid, are not morally defensible. But the issue here is not a matching of ethical considerations. It is solely as to the existence or non-existence of some applicable prohibition in the Trade-Mark Act, drawing a line between the admittedly lawful resale as Coty's L'Origan in the original bottles and the alleged unlawfulness of resales in smaller quantities under the explanatory labels composed and designed by the District Court.

As to the compact the complaint makes claim that putting a compact in metal containers may injure the perfume, but there is no positive allegation or proof that it necessarily does so—much less that the defendant's method of packing the compact actually does injure the perfume. The defendant strenuously denies that its acts or its method of packing the compact causes the slightest deterioration of the perfume (fols. 158-160, 171,

193). Furthermore, this fuss about metal containers is nothing but smoke raised to obscure the real issue, for the fact leaks out in the moving affidavit of the plaintiff's own American representative that both the plaintiff and the trade *do use metal containers* for face powder compacts (fol. 149) :

"The plaintiff, like other high class manufacturers, has always refused to pack perfumed face powder either in the loose form, or in the compact form, in metal boxes, *unless lined with cardboard, etc.*, because this injures the perfume."

Thus, there leaks into the record the admission by the plaintiff that a metal container is not, even in his view, harmful if it have a lining (to quote his American representative) of "cardboard, etc." Significantly, the inclusive extent of the "etc." is not explained, and significantly also there is no charge in the complaint or moving affidavits that the compact in defendant's packages actually comes in direct contact with metal. One of the plaintiff's moving affidavits lets fall the admission that the defendant's compact rests on "a glass back" (fol. 148). For all that appears, glass is as suitable as cardboard. It is certainly cleaner and more elegant.

But suffice it here to say that if the plaintiff's right to an injunction were dependent on any such minutiae of fact, it could not have obtained an injunction *pendente lite*. That was just the sort of issue which would of necessity be left to the trial. The plaintiff's only chance for an absolute injunction *pendente lite* was to argue, as he did in his brief below (p. 35), that "the only issue herein presented is an issue of law." In this he has been sustained by the court below which so phrased the

point of law decided by it as to disregard all questions of fact, and which assumed for the sake of its decision (and because the contrary was not alleged or proven) that "the defendant handles the plaintiff's product without in any way injuring its qualities" (fols. 290-3, 341-3).

## II.

### No Violation of the Trade-Mark Act Shown.

The court below of necessity rested its decision on the Trade-Mark Act (fol. 320), but mentioned no specific provision.

Under Section 16 of the Trade-Mark Act there can be no infringement, unless

(1) The mark violated is the mark "registered under this Act."

(2) The infringing mark must be affixed by the infringer to goods *other* than the genuine goods to which the manufacturer attaches it, *i. e.*, "to merchandise of substantially the same descriptive properties as those set forth in such registration."

The plaintiff's trademark is a mark of the liquid perfume, not of the plain glass bottle which holds it. That perfume is the same whether in an eight-ounce bottle or in a one-ounce bottle. Consequently, to use the mark on a one-ounce bottle would not be to affix the mark "to merchandise of substantially the same description," but rather to continue it upon the same merchandise. The merchandise would continue to be marked precisely as it was before. The only change would be in the quantity; and the wording composed and

designed by the District Court would be unmistakable notice of the fact of and responsibility for this change.

### III.

The fundamental principles, as announced by this Court, with which the decision below is in conflict.

This Court has repeatedly held in trade-mark cases that, as said in *Hanover Milling Co. v. Metcalf*, 240 U. S., 403, 412-413:

"The essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another."

See also *Elgin National Watch Co. v. Illinois Watch Co.*, 179 U. S., 665, 674; *United Drug Co. v. Rectanus Co.*, 248 U. S., 90, 97. And as said in an oft-quoted passage as to trade-marks in *Canal Co. v. Clark*, 13 Wallace, 311, 327: "Equity will not enjoin against telling the truth."

Hence a trade-mark right is not "a right in gross or at large, like a statutory copyright or a patent for invention," and its owner may not, "like the proprietor of a patented invention, make a negative and merely prohibitive use of it as a monopoly." (*United Drug Co. case, supra.*) "Its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another's product as his." (*United Drug Co. case, supra.*)

Under the Trade-Mark Act (Sec. 16), there is no actionable offense unless one man's trade-mark is unlawfully reproduced on the product of another's manufacture; and "the common law of trade-marks is but a part of the broader law of unfair competition" (*Hanover Milling Co. v. Met-*

*calf*, 240 U. S., 403, 413); as to which broader law this Court held in *Howe Scale Co. v. Wyckoff, Seamans & Benedict*, 198 U. S., 118, 140:

"The essence of the wrong in unfair competition consists in the sale of the goods of one manufacturer or vendor for those of another, and if the defendant so conducts its business as not to palm off its goods as those of complainant, the action fails."

In *Goodyear Co. v. Goodyear Rubber Co.*, 128 U. S., 598, this Court said concerning the basis of the law of unfair competition (p. 604):

"The case at bar cannot be sustained as one to restrain unfair trade. *Relief in such cases is granted only* where the defendant, by his marks, signs, labels, or in other ways, represents to the public that the goods sold by him are those manufactured or produced by the plaintiff, *thus palming off his goods* for those of a different manufacture, to the injury of the plaintiff. *McLean v. Fleming*, 96 U. S., 245; *Sawyer v. Horn*, 4 Hughes, 239; *Perry v. Truefitt*, 6 Beavan, 66; *Croft v. Day*, 7 Beavan, 81."

In cases of unfair competition "the deceitful representation or perfidious dealing must be made out or be clearly inferable from the circumstances." (*Laurence Mfg. Co. v. Tennessee Mfg. Co.*, 138 U. S., 537, 551.)

A similar principle has been applied by this Court to a surname registered under the Trade-Mark Act. In *Thaddeus Davids Co. v. Davids*, 233 U. S., 461, this Court held (to quote the headnote):

"While a trade-mark consisting of a proper name may be registered under the fourth provision of §5 of the Trade-Mark Act of 1905, another who uses that name will not be re-

garded as infringing the trade-mark *unless the name is so reproduced, copied or imitated as to mislead the public with respect to the origin or ownership of the goods.*"

Certainly, the labels as composed and designed by the District Court are not open to any such charge.

#### IV.

##### Federal Cases Directly in Point.

In *Russia Cement Co. v. Frauenhar*, 133 Fed. C. C. A., 518, is on all fours. There the plaintiff manufactured glue of different grades, *all* of which it sold under the trade-mark "Le Page." The defendant purchased a low grade of this glue in bulk and bottled it and sold it under the name of "Le Page's Glue," with the following label:

"Le Page's Fish Glue, manufactured by Russia Cement Company, Gloucester, Mass. Bottled by Columbia Wax Works, New York."

The Circuit Court of Appeals held that this use of the plaintiff's trade-mark and of its name as the manufacturer was not unlawful, notwithstanding that the grade purchased and bottled by the defendant was inferior to more expensive brands sold by the complainant. The Court thus stated the very principle for which we are contending, to wit (p. 520):

"A court of equity will not enjoin a person from affixing to goods sold by him their true name and description, in the absence of any evidence of an attempted fraud, such as by representing his goods as of a different origin or quality or manufacture from what they actually are. \* \* \* Here there is no false representation by spurious label or false state-

ment. The label tells the truth and nothing but the truth. There is no fraud upon the public, for it gets the genuine identical thing described by the label. (*Apollinaris Co. v. Scherer* [C. C.], 27 Fed., 18); there is no fraud upon the manufacturer, for its vendees resell its manufacture, to which it has applied its name (*Vitascope Co. v. U. S. Phonograph Co.* [C. C.], 83 Fed., 30), *coupled with the statement that it (vendee) is responsible for the bottling of the manufacture."*

This decision in the *Russia Cement Company* case affirmed the decision of Judge Wheeler, in the District Court, wherein he said (126 Fed., 228, 229) :

"The defendants, therefore, by the use made of this trade-name, have not misrepresented the origin of the goods. *When the plaintiff sold the glue to the defendants in large quantities, the effect of the sale was to invest the defendants with the title to the article, and with the right to divide it into small packages, as it might see fit, and sell the same as originating from the plaintiff, according to the fact.* There was no reservation to the plaintiff, or any limitation upon this right of the defendants, nor any requirement of them that they should label it or the bottle in any particular way, nor any notice to them that it was not to be divided, labeled, and sold in any manner that would not involve the plaintiff contrary to the truth. *If any damage has accrued to the plaintiff, it is in consequence of its permitting its production to go into the hands of the defendants with these unlimited rights.* The foundation of the suit, as one for unfair or unlawful competition fails."

The suggestion in the opinion below that these *Russia Cement Company* cases involve glue where-

as the present case involves a perfume (fol. 307), states a distinction without any relevant difference. It loses sight of the issue here presented. No prohibition of the Trade-Mark Act can be cited which allows a "glue" case to escape but condemns a "perfume" case. The language of the statute either includes or excludes both such cases; it cannot take one and reject the other. Besides, both the plaintiff and the opinion below concede that a perfume *can* be rebottled without losing its perfect quality (fols. 124-5, 129, 164-7, 172-3, 185-6, 341-3); and, as acknowledged by the court below, there is no charge whatever in the complaint or moving affidavits that the defendant in filling its small bottles from the plaintiff's large bottles actually injures in any way the perfect quality of the liquid perfume (fol. 341). Hence, the act of pouring liquid perfume from one bottle into another no more affects its quality than the act of pouring glue from one container to another causes deterioration. Susceptibility to dishonest adulteration exists in either case.

In *Apollinaris Co. v. Scherer*, 27 Fed., 18, the defendant purchased "Hunyadi Janos" water, and then (to quote the court below, fol. 308), he "had himself bottled it in bottles containing the same label as that used by the one who originally bottled it." The plaintiff had obtained from the original bottler in Europe the exclusive contractual right to sell in the United States, and resold it in the United States under its trade-name. The court recognized that "it (plaintiff) can no longer protect itself as efficiently against the chances of a spurious article being palmed off upon the public as its own"; but, nevertheless, the court refused to enjoin the defendant, because the plaintiff had



failed to show that the defendant was not in fact selling the genuine product. To quote the opinion (p. 20) :

"But the defendant is selling the genuine water, and therefore the trade-mark is not infringed. There is no exclusive right to the use of a name or symbol or emblematic device except to denote the authenticity of the article with which it has become identified by association. The name has no office except to vouch for the genuineness of the thing which it distinguishes from all counterfeits; *and until it is sought to be used as a false token to denote that the product or commodity to which it is applied is the product or commodity which it properly authenticates, the law of trade-mark cannot be invoked.*"

In *Russia Cement Co. v. Katzenstein*, 109 Fed., 314, it was held (p. 317) :

"No remedy lies to restrain these defendants from truthfully advising the trade that glue sold by them is manufactured by complainant. The defendants' commodity cannot be successfully assailed when it discloses truthfully the source of its manufacture. \* \* \* As a general proposition, a vendor is entitled to the protection of his trade-mark and name, but the vendee cannot be prevented from stating the truth in reference to his wares."

In *Coty v. Ivory Novelties Trading Co.*, decided July 21, 1922, 12 Trade-Mark Reporter, 284, Judge Knox held:

"Defendant is within its rights in making a face powder compact of the nature here in question, and so long as its base is a face powder known as Coty's L'Origan, may be justified in so marking the same."

*Note:* This latter case was subsequently reversed by the Circuit Court of Appeals for the Second Circuit on the authority of this *Prestonettes* case (289 Fed., 1020), and is here on certiorari (67 L. ed., 657-8).

In *Gretsch v. Schoening*, 238 Fed., 780, the court upheld the right to resell the genuine goods under the trade-mark under which they had been purchased, saying: "It was not infringement of a trade-mark to sell the genuine goods identified by the mark so marked."

In *Vitascope Co. v. U. S. Phonograph Co.*, 83 Fed., 30, the court refused to enjoin the sale of machines under the common law trade-mark of "Edison Vitascope," since the machines sold were actually such.

In *Walker v. Reid*, Fed. Case No. 17,084, it was held that the owner of a trade-mark for goods which he manufactures under a patent is not entitled to enjoin the use thereof by a dealer purchasing his goods from a manufacturer who has a license under the patent.

In *Societe Anonyme v. Consolidated Filters Co.*, 248 Fed., 358, it was held that the defendant had a right to sell certain filter tubes under the complainant's trade-mark "Pasteur," where such tubes were in fact the genuine tubes manufactured by the complainant.

## V.

### Like Cases in Other Jurisdictions.

Up to the present the leading case on the re-bottling of perfume for retail in small quantities, had been *Farina v. Silverlock*, 6 De G. M. & G., 214, decided in 1856, by Lord Chancellor Cranworth. There, Johann Maria Farina (the plain-

tiff) was, to quote the Lord Chancellor, "the well-known manufacturer of *Eau-de-Cologne*," manufactured by him since 1832 and "known throughout Europe and in this country by a particular trade-mark." The defendant was a printer, who made a business of printing labels containing this trade-mark and selling them to retail dealers who had bought this *Eau-de-Cologne* from Farina in large bottles and had then rebottled it in smaller bottles sold at more popular prices. An injunction *pendente lite* granted by the lower court was dissolved by the Lord Chancellor, who said (p. 219):

"It, however, seems to me clear, that any man who had got the *Eau-de-Cologne* of Johann Maria Farina but had not got a label, might employ any printer he thought fit to print or engrave for him a label which should be an exact counterpart of that which was used by Johann Maria Farina; for there is no copyright in it. All that the law restrains a person from doing is, selling the article which is not the manufacture of Johann Maria Farina with the label of Johann Maria Farina upon it; but if it be the article which has been manufactured by Johann Maria Farina, it can be no ground of complaint by Johann Maria Farina that the person sells it with something upon it to represent his trade-mark, though it is not a genuine trade-mark."

And later in his opinion the Lord Chancellor sustained the defense that there was nothing illegal in buying Farina's famous *Eau-de-Cologne* in large bottles, rebottling it for retail in smaller bottles, and selling it in these smaller bottles as Farina's *Eau-de-Cologne* and with his labels. To quote the opinion (p. 220):

"There are persons selling *Johann Maria Farina's Eau-de-Cologne* all over the country who are continually in want of these labels; they get it perhaps in a large bottle and find it more convenient to retail it in smaller bottles, and thus a number of wrappers are required, and there is a continual demand for them. \* \* \* I think this a material ingredient in considering the equities in this case; because if the defendant may legitimately for some purposes print and sell these labels, the question then comes to be considered, whether the decree can be right which at once restrains him from printing and selling them to anybody, and compels him to deliver up the blocks and all the stock which he has on hand."

Subsequently, the case came on for a trial upon the merits and it was found as a fact that the defendant had printed these labels "knowing that they were to be applied to bottles containing *spurious Eau-de-Cologne*." A final injunction was accordingly granted against him (*Farina v. Silverlock*, 4 Kay & Johnson, 650). Of this case, *Cox's Manual of Trade Mark Cases* (2nd ed.), case 130, page 73, says (p. 74):

"The distinction would seem to be that where the facts of the case show that the printer of the labels contemplated their use upon goods not made by the owner of the mark, the court will interfere whatever the intent; but where the purpose was that they should be honestly used in such manner as to be tantamount to an application of the mark by its owner, the courts will decline to interfere."

In *Condy v. Taylor*, 56 Law Times Rep. (N. S.), 891, the plaintiffs manufactured a disinfecting fluid known by the registered trade-mark of "Condy's Fluid." The defendants bought this fluid

from the plaintiffs in casks of 50 gallons each, and thereafter for retail purposes drew off the fluid into bottles of their own, placing upon the bottles a label with the words "Condy's Fluid (Crimson) warranted genuine." There was no proof of adulteration or dilution. The plaintiff unsuccessfully sought an injunction. Kekewich, J., held that since the sale by the plaintiffs was made "without any restriction on its disposal," they "*must be taken to authorize the dealer to sell the article in small quantities and as being the manufacture of his vendor.*" This *Condy* case, it will be observed, was much stronger than the present for the plaintiff, for there the resale was by the registered trade-mark alone, without any notice to the public of the rebottling by the defendant; and the words "warranted genuine" added to the trade-mark in effect put the sign manual of the plaintiffs themselves on the rebottled fluid. Nevertheless, Kekewich, J., said:

"The sale, and the sale in small quantities, *is the necessary result of the transaction*, and to suppose authority to sell it as something different, *e. g.* to give the article a different name, is absurd. So to sell it might not be actionable, but it would be manifestly unfair."

In the present case, the plaintiff reverses this reasoning and claims that the only implied authority is to resell under any name other than the genuine!

*Nims on Unfair Competition and Trade-Marks* (2nd ed., 1917) cites this *Condy* case for the proposition (p. 253):

"To buy goods of another in bulk, and resell under truthful labels is not usually unfair."

In *Sweezy v. McBair*, 89 Hun, 155, affirmed without opinion 157 N. Y., 710, the plaintiff sought to enjoin the defendant from using and advertising a certain dental preparation made by the plaintiff and given by him the trade name of "Hypodontine." The court conceded that "the word was a valid trade-mark" but held that "when the plaintiff sold the article he did so without placing any restriction upon the purchaser, and hence the defendant purchaser had the right to sell and advertise it under the same trade-mark."

In *Edison v. Mills-Edison*, 74 N. J. Equity, 521, it was held (pp. 522, 527):

"The right to describe the article by the trade-mark or patented name must pass by implication of law, as it seems to me, to the person who purchases from the inventor or his assignee. \* \* \* *Such (claimed) right in vendors, under the patent or trade-mark laws, is absolutely new in our law, and might practically lead to an indefinite extension of the benefit of some of the privileges of those special laws.*"

## VI.

The principles announced below are revolutionary and pervert the settled purposes of the Trade-Mark Act.

The principle formulated below is of vast commercial importance in its implications. It opens a new door to control by a wholesaler of the retail trade. It creates for the first time a reserved right of property surviving an absolute and unconditioned sale, and restricting, at the mere caprice of the seller, the new owner's right to use the merchandise for the very purpose for which it was bought, *i. e.*, resale.

The working of such a principle in practice is obvious enough. Under it the foreign wholesaler sells in bulk or in large packages and invites all American retailers to buy for the very purpose of resale and to pay the premium (if any) which his merchandise commands. There is nothing in the contract of purchase and no notice affixed to the merchandise itself which in any way restricts the right of resale. The thing so sold is not the container, but the contents. To impose a restriction openly and in straightforward terms by notice or contract, might scare purchasers and diminish sales. Nevertheless, under the principle adopted below, the seller silently retains "a string" on the goods; and, if he chooses, only the favored few who become tributary in one form or another may in smaller quantities resell the goods as what they bought.

*Thus the retail trade is made silently restrictable to forms, persons and quantities (and therefore to prices) dictated by the wholesaler, who has no patent, copyright or contract, but who will find little difficulty in so bulking his original packages that retailing except in smaller quantities is difficult or unprofitable. In consequence, prices come under more sure control; the public are shunted to those American retailers who have bought the favor of the foreign wholesaler; competition in resales in small quantities at popular prices is lessened; and the dealer who has bought for resale on the assurance of the unrestricted title offered finds his profitable use thereof at the mercy of the seller.*

Indeed, in this very controversy one easily sees between the lines the purpose on the part of interested parties to drive out competition in the

useful business of transforming the bulk into smaller quantities sold at popular prices (fols. 172-4).

The validity of creating by contract such a reservation in an absolute sale would be open to the gravest question. To create it by statute, and thus to open the door to the economic consequences mentioned, would involve very serious considerations of public policy and constitutionality. As yet Congress has not so enacted. To make it the law, by the judicial power of deciding, is to take a step of the gravest concern to the American retail trade and the American public.

## POINT II.

**The cases cited by the Court below decide nothing contrary to the legality of the labels composed and designed by the District Court.**

The cases relied upon by the court below fall into one or both of two classes, neither of which bears any analogy to the present case:

(1) The first class are the ordinary cases of the sale of the goods of one manufacturer as those of another.

(2) The second class are cases where a manufacturer of two brands or qualities of the same article—as, for example, whiskey—has given a separate trade-mark or distinctive label to each brand or quality. In such case to buy in bulk the inferior brand and then to sell it under the trade-mark or label reserved by the manufacturer for the superior brand, is a palpable misrepresentation and fraud.



The distinction between this latter class of cases and the present case is, perhaps, nowhere better put than by the Supreme Court of Victoria in *Hennessy v. White*, 6 Wyatt, Webb & A'Beckett, 216, where the Court affirmed an injunction against misbranding by the defendant of cognac bought in quantity from the plaintiff, and distinguished as follows the case of *Farina v. Silverlock*, 6 De G. M. & G., 214, cited by us in the preceding subdivision *supra* (p. 224):

"There is this special and material distinction between the circumstances of the two cases—that cited (the *Farina* case) and the present. In the former there was only one article, and the same which had been contained in the large parcels was placed in smaller. Eau de Cologne contained in quart was put into pint bottles. In the latter—the present case—there are two articles differing one from the other. The manufacturer himself has made them up in two different parcels, and the purchaser has taken the articles from the larger parcels, and put into the smaller another and different article than that which the manufacturer was in the habit of so placing."

We shall now discuss the cases cited by the plaintiff:

The case of *Coco-Cola v. Bennett*, 238 Fed., 513, is a case of the former class—to wit, the sale of one man's goods as those of another. There the plaintiff sold "Coco-Cola" syrup which when used by others with carbonated water produced a beverage. The defendant bought from the plaintiff the syrup, and having manufactured it into a bottled beverage, sold the bottles under the plaintiff's registered trade-mark, to wit, "Coco-Cola," *without any explanation that the beverage was the defend-*

*ant's and not the plaintiff's manufacture and that it had been bottled by the defendant.* The issue was clearly stated by the Court to be (p. 516):

"Have the defendants, without the authority or permission of the appellant, the right to manufacture Coco-Cola as a beverage by mixing the bottled syrup of appellant with carbonated water and selling the same to the public under the trade name Coco-Cola?"

The Court held that the defendant's practice was a clear case of deceptively selling, through representation by trade-mark, one manufacturer's goods as those of another. Such a case bears no analogy to a mere rebottling; and would be analogous to the "compact" side of this case only if the label composed by the District Court had attempted to sell the defendant's compact as Coty's manufacture or without other statement than Coty's mere trade-mark, instead of selling it as independently manufactured by the defendant according to the stated formula.

*Coco-Cola Co. v. J. G. Butler & Sons*, 229 Fed., 224, belongs to both the first and second classes of cases *supra*. There the plaintiff made up its syrup in two forms, each intended for a different purpose and each designated by distinctive labels. The defendant purchased the syrup in one form and then manufactured from it a beverage which it sold without any explanation under the plaintiff's registered trade-mark "Coco-Cola," using the tops and labels prepared by the plaintiff for its other form. This was a clear case of selling one manufacturer's product as that of another and of misapplying distinctive labels.

*Krauss v. Peebles Co.*, 58 Fed., 585, belongs to the second class of cases. The plaintiff made two

brands of whiskey. The defendant, after buying the inferior brand, bottled it under the distinctive labels which the plaintiff used for his superior brand.

*Hires v. Xeappas*, 180 Fed., 952, also falls within the first class. The complainant manufactured two preparations for making root beer, one in syrup form, and the other as an extract. The defendant purchased the extract; from it prepared a beverage without using the other ingredients used by the plaintiff; and sold the beverage, without any explanation, under the plaintiff's trade-mark "Hire's Root Beer." This was clearly selling one manufacturer's product as that of another. But the case is in fact an authority for the defendant, because the opinion declares (p. 952):

"A purchaser of 'Hire's Root Beer' or household extract, undoubtedly would have the right to resell the extract as an extract under the trade-mark it bears."

*Ingersoll v. Doyle*, 247 Fed., 620, also falls within the first class. The defendant bought genuine Ingersoll watches, replaced some of the parts and then sold them, without explanation, "as Ingersoll watches." The Court said that what the defendant was selling as an Ingersoll watch was not such, but "had become a new construction." In the present case, under the labels composed and designed by the District Court, the defendant does not sell its compact as Coty's compact or manufacture. It acknowledges that there has been "a new construction"; asserts that it itself was the constructor, and gives the formula.

**POINT III.**

**The case of *Bourjoise & Co. v. Katzel*, 260 U. S., 689, has no application, because it involved a sale by one vendor of his own goods under a trade-mark and labels belonging exclusively to another.**

In that case the plaintiff had purchased the good-will and trade-marks, as registered in this country, of a foreign manufacturer of a commodity which the plaintiff imported from the foreign country and sold here in packages with special designs and labels similar to those used by the foreign manufacturer before the sale. After the plaintiff's purchase of the foreign manufacturer's trade-marks, it registered them again in the United States Patent Office, and went on with the business that it had bought, using substantially the same form of package and label. Thereafter, finding that the rate of exchange enabled her to do so at a profit, the defendant bought a large quantity of the same commodity in France from the same foreign manufacturer, and, bringing it to the United States, proceeded to sell it in the French packages which closely resembled the plaintiff's and under the very trade-mark, the exclusive right to which in America the foreign manufacturer had sold to the plaintiff.

This Court held that this sale of the American trade-mark to the plaintiff gave the plaintiff the exclusive right to use that trade-mark in America; and that the defendant vendee of the foreign manufacturer had no better right than the foreign manufacturer himself to use such trade-mark in this country.

There was nothing in that case resembling the explanatory labels composed and designed by the District Court in the present case.

#### POINT IV.

**The argument that a careless or unscrupulous person might adulterate or injure the perfume in rebottling or repacking it, and that therefore it is improper to affix Coty's assurance of genuineness, is purely hypothetical and irrelevant and misreads the labels as composed and designed by the District Court. Those labels do not give Coty's assurance.**

(1) The allegations in the bill of complaint concerning the possibility of misunderstanding claimed to be latent in the original labels used by the defendant, were fully obviated by the new labels ordered by the District Court and by the defendant's compliance therewith.

(2) A complete answer to plaintiff's contention is to be found in *Sebastian on Trademarks*, p. 630, where the author says:

"The maker's mark has already performed its function when the goods are sold, and when it is removed from the goods the maker ceases to be responsible for the guaranty implied by its presence on them. The purchaser by substituting his own mark, undertakes the responsibility for the quality of the goods, which are in effect selected and guaranteed by him."

All that the inscription placed upon the rebottled perfume announces with regard to the contents is that they are Coty's L'Origan; that they are rebottled by Prestonettes, Inc.; that Prestonettes is in no manner connected with Coty, and is acting independently of Coty. That is entirely true; just

as it would be true to sell in small packages re-packed flour, stating that it had been manufactured at specified mills, or small quantities of apples or potatoes taken from barrels upon which the producer had placed his brand, or of any other merchandise, truthfully describing its origin, but at the same time proclaiming that it had been placed into new containers or packages by the vendor, who absolved the manufacturer from any connection with or responsibility for the change in form of the package or container in which the merchandise was offered for sale.

(3) The same possibility of adulteration—indeed, a greater likelihood thereof—exists in resales (concededly lawful, fol. 280) of the plaintiff's original eight-ounce bottles or of the paper packages containing the plaintiff's powder. The reseller would have but to lift the glass stopper or to open the paper package to effect an adulteration which would be much more insidious and profitable, because detection would be less likely, and because there would be no printed notice informing the public that the contents had been handled by another.

(4) The defendant has been cast in judgment upon a purely supposititious case and for acts which have not been done by it or, so far as appears, by anyone. The law does not recognize a hypothetical injury or a moot case.

(5) In the case of the rebottling the labels as composed and designed by the District Court *do not* carry "the assurance of Coty himself" (to quote the court below) that the contents of defendants's bottles are Coty's. On the contrary, the label does not purport to be any representation by Coty at all. It is expressly and solely the independent representation of the defendant, in its own name.

(6) As to the compact, the argument of the court below that the label composed and designed by the District Court "enables the defendant to sell as Coty's a product without the assurance which comes from Coty's own marks and labels," misreads the label altogether. The label does not purport to sell the product "as Coty's" at all. On the contrary, expressly and by careful iteration, and in even, uniform type, it sells the product as that of "Prestonettes," "independently compounded" by the defendant, who is stated to be "not connected with Coty." It even gives the formula. No endorsement by Coty is asserted.

#### POINT V.

**The fact that a delicate perfume is involved gives the plaintiff no new or special legal right.**

(1) In all the foregoing cases in which the retailers' right to re-sell in smaller quantities was upheld, there was the possibility of injury, intentional adulteration, or unintentional deterioration by unclean or unsuitable containers or methods. Is the potency of "Hunyadi" water less delicate and important than that of a liquid perfume? (*Apollinaris Co. v. Scherer*, 27 Fed., 18 *supra*.) *Farina v. Silverlock*, 6 DeG. M. & G., 214, involved a perfume; and *Condy v. Taylor*, 56 Law Times (N. S.), 891, *supra*, involved a disinfecting fluid. *Societe Anonyme v. Consolidated Filters Co.*, 248 Fed., 358, involved "Pasteur" filter tubes, the genuineness of which was vital to health and even life itself.

(2) It is not the delicacy but the genuineness of the article which determines the legal right.

## POINT VI.

**There is no allegation or evidence that the labels as composed and designed by the District Court did not convey to the ordinary observer the precise meaning which they expressed.**

As said in *Handel Co. v. Jefferson Glass Co.*, 265 Fed., 286, quoting from the decision of Judge Sanborn in *Wrisley v. Iowa Soap Co.*, 122 Fed., 796 (p. 289):

"The duty is imposed upon every manufacturer or vendor to so distinguish the article he makes or the goods he sells from those of his rival that neither its name nor its dress will probably deceive the public or mislead the common buyer. He is not, however, required to insure to the negligent or the indifferent a knowledge of the manufacture or the ownership of the articles he presents. *His competitor has no better right to a monopoly of the trade of the careless and indifferent than he has.*"

## POINT VII.

**The New York Statute cited in the opinion below cannot possibly uphold the unlimited injunction granted by the Court below; and, in any event, it was misinterpreted and has no application to the labels composed and designed by the District Court for either the liquid perfume or the compact.**

(1) The New York statute is irrelevant because the injunction as granted by the court below is, admittedly, "unlimited in its terms" geographically; and, as the court itself conceded (fols. 339,



340), the New York statute can furnish no basis for such an unlimited injunction. The real question is as to the plaintiff's rights under the federal law.

(2) The New York statute has been misinterpreted.

In the first place, it is directed against refilling original containers and selling them under the manufacturer's original mark and label, without giving notice of the refilling. In the present case there is no refilling. The bottles are different; the plaintiff's label and trade-mark are not reproduced; and full explanation is made.

In the second place, the New York statute does no more than to forbid a person untruthfully to represent, expressly or impliedly, that what he sells was put in the container by the original manufacturer. This is the authoritative interpretation adopted in *People v. Luhrs*, 195 N. Y., 377, 381:

"The object of the statute is to prevent fraud, affecting both the public and the owners of trade-marks, by prohibiting the sale of goods from an original package labeled with a trade-mark *upon the representation that such goods were placed in that package by the owner of the label.*"

(3) This restricted interpretation is plain on the very face of the statute which, as now amended, condemns as an offender (New York Penal Law, Section 2354, Subdivision 6):

"a person who knowingly sells, or offers or exposes for sale, any goods which *are represented* in any manner, by word or deed, *to be* the manufacture, packing, *bottling*, boxing or product of any person, firm or corporation, *other than himself*, unless such goods are contained in the original packages, box or bottle

and under the labels, marks or names placed thereon by the manufacturer who is entitled to use such marks, names, brands, or trademarks;"

The Court will observe that, in rebottling cases, it is an essential element of an offense against this statute that the goods "*are represented*" to be the "bottling" of some one else. As the New York Court of Appeals pointed out, to use the label or mark of a particular manufacturer on a bottle and then to sell the bottle without any explanation, is an implied representation that the bottling was done by the owner of the label or mark.

(4) The uncontradicted evidence in the *Luhrs* case, is to be found on page 378 of 195 N. Y., and is stated as follows:

"Evidence was given tending to show that the defendant, a barkeeper in a certain saloon in the borough of Manhattan, repeatedly refilled the bottle in question (a whiskey bottle to which was affixed the trademark of the Wilson Distilling Company) from a demijohn kept beneath the bar after the original contents placed in said bottle by the Wilson Distilling Company had been disposed of, and sold the whiskey thus substituted upon the representation that it was the product of and had been bottled by said corporation, although he knew that it had not been placed in said bottle by that company. It did not appear whether the whiskey with which he refilled the bottle was Wilson whiskey or not."

Referring to these facts, Judge Vann said (p. 384):

"There is no evidence that the whiskey substituted and sold by the defendant was Wilson whiskey, and the presumption from the circumstances is that it was not."

That in itself was a sufficient ground for sustaining the judgment of conviction in the court below.

Regardless of this controlling consideration, the fact stands out in bold relief that the defendant in that case was engaged in refilling the bottle on which was affixed the trade-mark of the Wilson Distilling Company. There was not, as in the present case, a removal from the bottle bearing the trade-mark of its contents and placing them into another container, with an express and unmistakable declaration that the rebottling was the act, not of the owner of the trade-mark, but of a person who was acting independently as the owner of the original contents of the bottle lawfully acquired from the original owner.

In the course of his opinion Judge Vann refers to the contention of the defendant that one who purchases Wilson whiskey in Wilson bottles owns the bottles as well as the contents, on which he makes the following comment (p. 382) :

"This argument is plausible but unsound, for in buying a bottle with a trademark thereon the purchaser does not acquire the right to use the trademark *except to sell the original contents of the bottle*. He cannot lawfully use the trademark to sell whiskey of any kind bottled by himself. He cannot say, as he does in effect when he sells from a bottle bearing the Wilson label, 'This is Wilson whiskey, put in this bottle by the Wilson Company.' *He can still use the whiskey or sell it*, but he cannot sell it as Wilson whiskey placed by the Wilson Company in the bottle exhibited at the time of the sale, for that would open the door to a kind of fraud that is easy to practice, difficult to detect and dangerous in result.

\* \* \* The statute does not prevent the

owner from using his property or selling it, but it forbids him to lie about it by word or deed in order to effect a sale. No sales are prohibited except such as are induced by falsehood, spoken or acted."

Paraphrasing this reasoning and applying it to the uncontradicted facts as disclosed by the record now before this Court, may the appellant not say of the rebottled product manufactured and sold by the appellee: "The contents of this bottle are Coty's L'Origan perfume placed in this bottle and independently bottled by Prestonettes, Inc., in New York"? This would be the exact truth. It would involve no deception.

In short, the present case is the very converse of that presented for adjudication in the *Luhrs* case; and the absence here of the facts which brought *Luhrs* within the prohibitions of Penal Code inevitably exclude the present case from the purview of that statute.

(5) As indicative of the scope of the legislation considered in the *Luhrs* case and of its differentiation from the facts now under review, attention is directed to the opinion of Judge Peckham in *People v. Cannon*, 139 N. Y., 32, 39, which involved the interpretation of an act in *pari materia*. That act made it unlawful for any one to fill up with various specified liquids bottles or other containers upon which persons engaged in bottling such liquids had stamped or impressed their names or other marks or devices, without their written consent. Describing this legislation Judge Peckham, later a member of this Court, said:

"The act is not aimed at the sale and delivery of the water or beer packed in the original bottles as it came from the manufacturer,

but it is aimed at an unlawful dealing in empty bottles that have been marked, and after their original contents have been used."

In the present case the contents of the original bottles were removed. The emptied bottles with their distinguishing marks were cast aside. The inscription on the new bottles negatives the idea that the contents thus removed were rebottled by Coty or that the appellant was in any way connected with Coty. The contrary is expressly proclaimed.

Not a line of the reasoning in *People v. Luhrs* can be made applicable to the label composed by the District Court in this case. On the contrary, that decision excluded, almost by direct expression, such a label from the operation of the statute, for it says (195 N. Y., 377, 385) :

"The label in the case before us *excluded* substitution by the retail dealer of even the same kind of goods if they were not placed by the manufacturer in the bottle produced to induce the customer to buy a drink out of it."

Hence, if, in rebottling cases, the essence of the offense lies in the fact that the label impliedly "*excluded*" a bottling by the retailer, the statute does not reach a case where the label not only *included* that possibility, but asserted it as a verity.

(6) As to the defendant's compact, the New York statute has no application at all, for there is no representation (express or implied) that Coty made the compact, or that he put the compact in the container, or that all the materials in the container were manufactured by him. But to make assurance doubly sure, the label composed by the District Court assures every purchaser that the

container does not contain Coty's compact; that the compact was not placed in it by Coty; that the compact was made and packed independently of and without any connection with Coty; and that Coty's perfume is only one of the ingredients.

By no construction can the New York statute touch such a case.

### POINT VIII.

**In any event, even if not entitled to use for its compacts the label composed and designed by the District Court, the petitioner is entitled to use the label composed by the District Court for the liquid perfume.**

Heretofore we have argued the case without drawing any special line of demarcation between the two acts of merchandising of which the plaintiff complains. We have been unable to see any provision of the Trade-Mark Act, or indeed any other provision of law, which prohibits a manufacturer of compacts from truthfully stating that his compact was a compound made independently by him from ingredients manufactured by certain named persons with whom he had no connection.

But even if we are mistaken in these respects, because of some supposed legal consequence attaching to the fact that in the compact the plaintiff's face-powder is mingled with a binder, nevertheless the defendant's right to use the label composed and designed by the District Court for resale of the liquid perfume would in no wise be affected.

In the case of the liquid perfume, nothing at all has been done except to alter the size of the glass

containers. The complaint and the moving affidavits will be searched in vain for any charge or evidence that the mere transference of the liquid perfume from one glass bottle to another affects its quality or alters its identity. Indeed, the plaintiff, by his own conduct, has conceded the contrary, because he admits having licensed persons other than the defendant to rebottle for the retail trade (fols. 124-5, 129, 164-7, 172-3, 185-6); and the court below has expressly recognized that it was neither charged nor proven that the defendant in any way injured the liquid perfume. (See fols. 341-3, and stipulation annexed to this brief.)

The court below has held that this single act of pouring from one bottle into another, and this label as composed and designed by the District Court, are, when taken together, a violation of the Trade-Mark Act, because it places upon the plaintiff (fol. 342):

"the burden of safeguarding the quality of its products which such a situation would impose upon the plaintiff, compelling him to keep a constant watch upon the conduct of the defendant and the conduct of such others who might choose to act in a similar way."

But, as we have already said, there is at least the same, if not greater, risk in the concededly lawful reselling of the perfume in the original glass bottles, with their easily lifted glass stoppers; and the labels composed by the District Court constitute explicit notice that transfer from one bottle to another has been made. No provision of the Trade-Mark Act, we respectfully submit, prohibits such a label in connection with the defendant's resale of the genuine liquid perfume; and whether there ought to be such a prohibition is for the Congress, and not for the courts.

**POINT IX.**

**Not only is the construction given by the court below to the Trade-Mark Act and to the New York Statute erroneous, but it would render them unconstitutional as confiscatory of a vested and essential right of property, and as compelling the owner to sell his goods untruthfully or under a false description.**

The very ground upon which the New York Court of Appeals in *People v. Luhrs*, 195 N. Y., 377, upheld the constitutionality of the construction which it put upon the New York Anti-refilling Statute, would condemn as unconstitutional the construction now urged for it and the Trade-Mark Act.

In the *Luhrs* case, the constitutionality of the New York statute was upheld *solely* on the ground that the resale of the refilled bottle under the old label and without notice of the refilling being given, was an implied representation that the bottle had been filled by the owner of the label; and that the Legislature could restrain such a falsehood.

In the case at bar there was no attempt to refill any bottle, or to use any other person's label. There was no attempt to represent, expressly or impliedly, that the bottles sold by the defendant had been filled by the plaintiff. There was no use of the grotesque design which the plaintiff had registered as its trade-mark (Rec., p. 21). The label composed and designed by the District Court for the defendant's bottles was a plain description in even, uniform type of the exact fact.

This label, therefore, reduces the plaintiff's case



to this, viz.: he claims a statutory right to prevent the defendant from reselling the liquid perfume as and for what it bought it. The plaintiff says that either one or both of these statutes prevent such reselling, where the reselling is in smaller bulk than the original purchase. *This is but another way of saying that if the retailer breaks the original bulk, the statute obliges him either not to sell at all or to sell under a false description.*

In the *Luhrs* case, the original manufacturer wanted the fact to match the label. In the present case, the original manufacturer objects to the label matching the fact.

Ordinarily, where one manufacturer sells another's goods as his own, there is loud complaint by the second manufacturer. He asserts a property right in the good-will of his own product. *A priori* one would assume that Coty would vigorously contest the sale of his liquid perfume under any name but his own and without mention of himself—that he would assert a right to have the virtues of his perfume protected from appropriation by another manufacturer.

But, in the present case, the extraordinary thing is that Coty has reversed this natural assumption. He objects to having his own perfume resold under any reference to himself as its manufacturer.

The plaintiff has sold his liquid perfume without restriction or reservation of any kind. He has allowed the defendant's property in the perfume to become absolute.

Yet the right to sell is an inherent and essential attribute of absolute property; and one who owns property absolutely may sell it under any description he thinks fit, provided he makes no false or deceitful representation. Except for that proviso,

no one can dictate to him the composition of his labels,—certainly no one (not even the Legislature) can forbid his selling at all unless he uses a name other than the true name or unless he resell under other description than that used by his vendor in putting the goods in the course of trade and commerce.

A denial of this right, by statutory construction or otherwise, would encourage, if not compel, misstatement and misdescription rather than prevent it, and would confiscate one of the most essential attributes of property.

The defendant had the right to sell the perfume as Coty's L'Origan, because that was its name. It was unnecessary to use a confusing paraphrase. No harm was done to the plaintiff by making such sale. In order to meet a demand thus created for the plaintiff's perfume, there was nothing unlawful or fraudulent in splitting the contents of a large bottle into smaller containers and selling them in the market, meticulously informing the public of the exact facts, so as to avoid any misapprehension as to the nature of the contents of the smaller containers and the manner in which and the person by whom they were rebottled.

A statute undertaking to prohibit a sale under such conditions would in effect arbitrarily deprive an owner of property which he has legitimately acquired.

As was said by Chief Judge Andrews in *People v. Otis*, 90 N. Y., 48, 52:

"Depriving an owner of property of one of its essential attributes is depriving him of his property within the constitutional provision."

Or as was said by Mr. Justice Brewer in *Ames v.*

*Union Pacific R. R. Co.*, 64 Fed. Rep., 165, 177, in language approved by this Court in *Southern Ry. Co. v. Greene*, 216 U. S., 414:

"The protection of property implies the protection of its value."

"The right to buy, sell, barter and exchange property is a necessary incident to its ownership, and, subject to reasonable regulations, is as much protected by this provision of the Constitution as is the ownership itself."

*City of Carrollton v. Bazette*, 159 Ill., 283;  
cited with approval in

*People ex rel. Moskowitz v. Jenkins*, 202  
N. Y., 53.

"Every one has the right to adopt such means to sell his goods and conduct his business as he finds most profitable to him, provided those means are honest, and the fact that some persons engaged in the same business are dishonest does not justify legislation prohibiting either directly or indirectly the business."

*People ex rel. Moskowitz v. Jenkins*,  
*supra*;

*People ex rel. Tyroler v. Warden*, 157  
N. Y., 116.

The fact that abuses may arise in a business or in connection with the sale of any article does not justify the destruction of the business or a prohibition against the sale of the article in the usual manner. As was said by Mr. Justice McReynolds, in *Adams v. Tanner*, 244 U. S., 590:

"Certainly there is no profession, possibly no business, which does not offer peculiar opportunities for reprehensible practices; and as to every one of them, no doubt, some can be found quite ready earnestly to maintain that its suppression would be in the public interest. Skilfully directed agitation might also bring

about apparent condemnation of any one of them by the public. Happily for all, the fundamental guaranties of the Constitution cannot be freely submerged if and whenever some ostensible justification is advanced and the police power invoked."

These constitutional guarantees cannot be nullified by the police power. The Constitution prevents "interference with the normal exercise of personal liberty and property rights" where interference "is the primary object of the statute and not an incident to the advancement of the general welfare." Such normal property rights may be interfered with only "so far as may be incidentally necessary for the accomplishment of some other and paramount object, and one that concerns the public welfare." (*Coppage v. Kansas*, 236 U. S., 1, 18-19.) These limits on this power received their classic expression in *Lawton v. Steele*, 152 U. S., 133, 137:

"To justify a State in thus interposing its authority in behalf of the public, it must appear, first, that the interests of the public generally, as distinguished from those of a particular class, require such interference; and, second, that the means are reasonably necessary for the accomplishment of the purpose, and not unduly oppressive upon individuals. The legislature may not, under the guise of protecting the public interests, arbitrarily interfere with private business, or impose unusual and unnecessary restrictions upon lawful occupations. In other words, its determination as to what is a proper exercise of its police powers is not final or conclusive, but is subject to the supervision of the courts."

Such, we submit, is the essence of the situation, where the legislation forbids the truth as an aid to the selling of property and confers upon the

wholesaler a monopoly of the right to refer to himself as the manufacturer of his goods and of the right to continue the use of the name under which he sells them by unrestricted sale. Such legislation would have no real or substantial, but only a remote and problematic, relation to the interests of the public generally. Obvious evils therefrom would suggest themselves. The public have a vital interest in obtaining expensive articles in small quantities at popular prices; and if the wholesaler, who sells in bulk and without restriction, can, nevertheless, prevent breaking of bulk except by himself or his favorites, he can go far to restrain the freedom of the retail trade and to control the price which the cheaper class of buyers must pay.

Such legislation, moreover, would be in the interest only of a very limited class, *i. e.*, of those exceptional manufacturers who desire to prevent the retailing of their goods except by themselves and their favorites, whereas many manufacturers welcome the opportunity to have middlemen popularize their name and fame.

#### POINT X.

**Finally, the trade-mark registered September 27, 1921, purporting to cover the name "L'Origan," is void, because it does not comply with one of the jurisdictional requirements of Section 2 of the Trade-Mark Act of February 20, 1905, under which it purports to have been issued.**

Section 1 of that Act provides that "the owner of a trade-mark used in commerce with foreign nations, or among the several States, or with Indian tribes," may obtain registration for such trade-

mark by complying with specified requirements, one of which is the filing in the Patent Office of a written application stating various facts.

Section 2 provides that "the application prescribed in the foregoing section, *in order to create any right whatever* in favor of the party filing it, must be accompanied by a written *declaration* verified by the applicant," which, among other things, states "that such trade-mark is used in commerce among the several States, or with foreign nations, or with Indian tribes."

Annexed to the bill of complaint in this cause, and made a part of it by reference, are a statement and declaration filed by the appellee in the United States Patent Office. Neither the statement nor the declaration contains any allegation to the effect that the trade-mark sought to be registered was "used in commerce among the several States, or with foreign nations, or with Indian tribes." Such a statement, duly verified, is, as has been shown, essential to create any right whatever in favor of the party seeking the registration. It is literally a jurisdictional prerequisite to the obtaining of registration.

Lest we should be regarded as ignoring the succeeding sentence in Section 2, we call attention to its phraseology and contend that it in no manner relieves the party seeking registration from compliance with the requirement to which reference has just been made. It reads:

"If the applicant resides or is located in a foreign country, the statement required shall, *in addition to the foregoing*, set forth that the trade-mark has been registered by the applicant, or that an application for the registration thereof has been filed by him, in the foreign

country in which he resides or is located, and shall give the date of such registration or the *application* therefor, as the case may be, except that in the *application* in such cases it shall not be necessary to state that the mark has been used in commerce with the United States or among the several States thereof."

It is evident that the concluding sentence of this clause relates to the application referred to in the antecedent clause, namely, the application for registration made by the applicant who resides or is located in a foreign country filed by him in the foreign country in which he resides or is located. It does not relate to the application for registration made in this country, that being covered by the general provision contained in the first sentence of Section 2. The provision of the second sentence, which we are now discussing, is expressly declared to be "in addition to the foregoing," and refers to the registration of the trade-mark in the foreign country and the application for such registration made in that country.

It would be extraordinary if the requirement imposed upon residents of the United States of declaring under oath that the trade-mark for which registration is sought is "used in commerce among the several States, or among foreign nations, or with Indian tribes," should be dispensed with in the case of an applicant who resides or is located in a foreign country. When one considers the history of this provision, it is at once apparent that it could not have been intended to relieve a foreigner seeking registration for a trade-mark here for compliance with the provision which is essential to the constitutionality of the Trade-Mark Act.

In the *Trade-Mark Cases*, 100 U. S., 82, it was held that the act "to punish the counterfeiting of trade-marks and the sale or dealing in of counterfeited trade-mark goods," approved August 14, 1876, was unconstitutional, because it was so framed that its provisions were applicable to all commerce, whereas the only power of Congress to legislate in respect to trade-marks was such as was necessarily limited to their use in "commerce with foreign nations, and among the several States, and with the Indian tribes."

The Trade-Mark Act of March 3, 1881, sought to cure this defect by making it referable to the owners of trade-marks "used in commerce with foreign nations or with the Indian tribes."

In *Warner v. Searle and Hereth Co.*, 191 U. S., 195, the validity of the act was upheld and the jurisdiction of the Federal courts over litigation relating to a trade-mark used in foreign or Indian commerce was sustained. It was, however, decided that, since it did not appear that the alleged imitation of the trade-mark was used in foreign or Indian commerce or on merchandise intended to be transported to a foreign country, the decree of the lower court in favor of the defendant had to be affirmed.

The Act of 1905 extended the provision of the Act of 1881, as already shown, so as to protect the owner of a trade-mark used in commerce with foreign nations, or among the several States, or with the Indian tribes. It was, however, made a condition precedent of the right to secure the registration of such a trademark, that the sworn declaration of the applicant should show that the trade-mark was used "in commerce among the several States, or with foreign nations, or with Indian tribes."



It would have been an unconstitutional provision to have exempted an applicant residing or located in a foreign country from compliance with this fundamental condition. Hence, it necessarily follows that the second sentence of Section 2 must have referred to an application for registration made in the foreign country. This interpretation gives due effect to every part of the section and to the grammatical rule of interpretation which makes a final clause of a sentence dependent for its meaning upon its immediate antecedent.

### **CONCLUSION.**

**The decree should be reversed and the motion for injunction should be denied, with costs.**

Dated, New York, January 2, 1924.

Respectfully submitted,

ISAAC REISS,  
Attorney for Petitioner.

LOUIS MARSHALL,  
CHARLES H. TUTTLE,  
Of Counsel.

**APPENDIX.**

SUPREME COURT OF THE UNITED STATES,

OCTOBER TERM, 1923.

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PRESTONETTES, INC.,  
Petitioner,

*against*

FRANCOIS JOSEPH DESPOTURNO  
COTY.

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No. 197.

IT IS HEREBY STIPULATED by and between the solicitors for the respective parties in the above-entitled action, solely for the purpose of correcting the record, that the portion of the opinion of the Circuit Court of Appeals printed in the record herein, at folios 341-2, was rendered by that Court after the petition for rehearing was submitted. This paragraph, printed at folios 341-2, as follows:

"That there may be no misapprehension as to this decision we think it desirable to say that we have not overlooked the fact that it is not charged in the complaint nor stated in any of the affidavits presented that the defendant in doing the acts complained of in any way lacked or failed to exercise in the rebottling of the plaintiff's perfume the proper skill necessary to preserve the perfect quality of the plaintiff's product. If we assume that the defendant handles the plaintiff's product without in any way injuring its qualities, we think the injunction should issue on the ground that the defendant has no right to use the plaintiff's name without his consent on

the particular products which the defendant rebottles or repacks, because the defendant has no right to put upon the plaintiff the burden of safeguarding the quality of his products, which such a situation would impose upon the plaintiff compelling him to keep a constant watch upon the defendant's conduct and the conduct of others who might choose to act in a similar way."

was not a portion of the opinion as originally rendered by the Circuit Court of Appeals before the petition for a rehearing.

Dated, New York, December 27th, 1923.

ISAAC REISS,  
Solicitor for Petitioner.

HUGO MOCK,  
ASCHER BLUM,  
Solicitors for Coty.